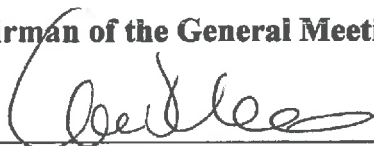


MJK Automation ApS
Central Business Registration No
14382933
Byageren 7
2850 Nærum

Annual report 2015

The Annual General Meeting adopted the annual report on 20.06.2016

Chairman of the General Meeting



Name: Gerda Solskov

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Entity details

Entity

MJK Automation ApS
Byageren 7
2850 Nærum

Central Business Registration No: 14382933

Registered in: Rudersdal

Financial year: 01.01.2015 - 31.12.2015

Phone: 45560656

Fax: 45560646

Board of Directors

Sean Donnelly, Chairman

Rainer Paul Friedrich Rôhrig

Carsten Sønder

Executive Board

Carsten Sønder, Chief Executive Officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of MJK Automation ApS for the financial year 01.01.2015 - 31.12.2015.

The annual report is presented in accordance with the Danish Financial Statements Act.

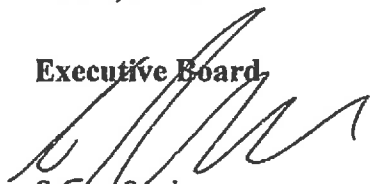
In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Nærum, 20.06.2016

Executive Board



Carsten Sønder
Chief Executive Officer

Board of Directors



Sean Donnelly
Chairman



Rainer Paul Friedrich Röhrig



Carsten Sønder

Independent auditor's reports

To the owners of MJK Automation ApS

Report on the financial statements

We have audited the financial statements of MJK Automation ApS for the financial year 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the financial year 01.01.2015 - 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Independent auditor's reports

Copenhagen, 20.06.2016

Deloitte

Statsautoriseret Revisionspartnerselskab



Kim Mücke

State Authorised Public Accountant

CVR-nr. 33963556

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B.

The accounting policies applied for these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

With reference to the Danish Financial Statements Act, section 32, the Company has chosen to aggregate revenue, cost of sales and other external expenses into one line in the income statement; Gross profit.

Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for inventory write-downs.

Accounting policies

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for the Company's staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment and leasehold improvements comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year. All group enterprises were divested in 2014.

Other financial income

Other financial income comprises interest income and net gains on transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses and net losses on transactions in foreign currencies.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company participates in a joint taxation arrangement. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-6 years
Leasehold improvements	5 years

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Accounting policies

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Income statement for 2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Gross profit		32.372.314	26.905.398
Staff costs	1	(27.920.760)	(24.775.154)
Depreciation, amortisation and impairment losses	2	<u>(422.447)</u>	<u>(570.649)</u>
Operating profit/loss		4.029.107	1.559.595
Income from investments in group enterprises		0	(406.550)
Other financial income		42.879	55.447
Other financial expenses		<u>(66.792)</u>	<u>(382.598)</u>
Profit/loss from ordinary activities before tax		4.005.194	825.894
Tax on profit/loss from ordinary activities	3	<u>(964.053)</u>	<u>(321.840)</u>
Profit/loss for the year		<u>3.041.141</u>	<u>504.054</u>
Proposed distribution of profit/loss			
Retained earnings		<u>3.041.141</u>	<u>504.054</u>
		<u>3.041.141</u>	<u>504.054</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Other fixtures and fittings, tools and equipment		730.355	892.317
Leasehold improvements		75.903	80.225
Property, plant and equipment	4	<u>806.258</u>	<u>972.542</u>
Fixed assets		<u>806.258</u>	<u>972.542</u>
Raw materials and consumables		7.686.465	7.400.540
Work in progress		2.129.850	2.353.717
Manufactured goods and goods for resale		3.955.400	2.731.392
Inventories		<u>13.771.715</u>	<u>12.485.649</u>
Trade receivables		7.063.852	6.623.461
Receivables from group enterprises		6.250.790	5.951.223
Deferred tax assets		86.974	122.906
Other short-term receivables		522.454	882.397
Prepayments		416.514	662.581
Receivables		<u>14.340.584</u>	<u>14.242.568</u>
Cash		<u>13.011.513</u>	<u>8.301.467</u>
Current assets		<u>41.123.812</u>	<u>35.029.684</u>
Assets		<u>41.930.070</u>	<u>36.002.226</u>

Balance sheet at 31.12.2015

	<u>Notes</u>	<u>2015 DKK</u>	<u>2014 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		<u>25.962.369</u>	<u>22.921.228</u>
Equity		<u>26.462.369</u>	<u>23.421.228</u>
Prepayments received from customers		155.170	187.095
Trade payables		3.882.822	2.530.041
Debt to group enterprises		3.020.041	2.929.684
Income tax payable		999.341	409.852
Other payables		<u>7.410.327</u>	<u>6.524.326</u>
Current liabilities other than provisions		<u>15.467.701</u>	<u>12.580.998</u>
Liabilities other than provisions		<u>15.467.701</u>	<u>12.580.998</u>
Equity and liabilities		<u>41.930.070</u>	<u>36.002.226</u>
Contingent liabilities	5		
Related parties with control	6		
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Statement of changes in equity for 2015

	Contributed capital DKK	Retained ear- nings DKK	Total DKK
Equity beginning of year	500.000	22.921.228	23.421.228
Profit/loss for the year	0	3.041.141	3.041.141
Equity end of year	500.000	25.962.369	26.462.369

Notes

	2015	2014
	DKK	DKK
1. Staff costs		
Wages and salaries	26.132.795	23.630.125
Pension costs	1.420.470	802.074
Other social security costs	367.495	342.955
	<u>27.920.760</u>	<u>24.775.154</u>
	2015	2014
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	422.447	573.459
Profit/loss from sale of intangible assets and property, plant and equipment	0	(2.810)
	<u>422.447</u>	<u>570.649</u>
	2015	2014
	DKK	DKK
3. Tax on ordinary profit/loss for the year		
Current tax	916.924	351.073
Change in deferred tax for the year	50.342	(36.831)
Adjustment relating to previous years	(3.213)	7.598
	<u>964.053</u>	<u>321.840</u>
	2015	2014
	DKK	DKK
4. Property, plant and equipment		
Cost beginning of year	4.063.963	467.400
Additions	189.564	66.603
Cost end of year	<u>4.253.527</u>	<u>534.003</u>
	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Depreciation and impairment losses beginning of the year	(3.171.646)	(387.175)
Depreciation for the year	(351.526)	(70.925)
Depreciation and impairment losses end of the year	<u>(3.523.172)</u>	<u>(458.100)</u>
Carrying amount end of year	<u>730.355</u>	<u>75.903</u>

Notes

5. Contingent liabilities

The following rental agreements and operating leases have been entered into:

The Company has rental obligations of total DKK 1,821k (2014: DKK 1,214k).

The Company has operating lease commitments of total DKK 1,772k (2014: DKK 2,043k).

6. Related parties with control

Xylem Denmark Holdings ApS, Byageren 7, 2850 Nærum, owns 100% of the share capital.

7. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Xylem Inc., 1 International Drive, Rye Brook, NY 10573, USA. The consolidated financial statements are available on www.xyleminc.com

8. Main activity

The Company's primary activities are development, production and sale of equipment for the handling of liquids.